

January 11, 2005

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

RE: Competitive Energy Services- Massachusetts, D.T.E. 04-84

Dear Ms. Cottrell:

I am writing on behalf of NSTAR Gas Company ("NSTAR Gas" or the "Company") in response to a request filed with the Department of Telecommunications and Energy (the "Department") on July 14, 2004 by Competitive Energy Services-Massachusetts, LLC ("CES-MA"). In its request, CES-MA seeks a Department order requiring all local distribution companies ("LDCs") in Massachusetts to "make available in electronic format and on a quarterly basis the capacity assignment numbers for each commercial and industrial [C&I] account served by the LDC" (CES-MA Letter at 1). In addition to this information, CES-MA requests that the Department order the LDCs to provide "the same information that electric utilities" currently provide to competitive electricity suppliers (*id.* at 2).¹

NSTAR Gas opposes CES-MA's request. CES-MA bases its request on the Department's current policy regarding customer data sharing between distribution companies and competitive electricity suppliers that was developed in the D.T.E. 01-54 dockets. However, CES-MA's request ignores an important premise upon which the Department instituted its customer data sharing policy for electricity customers. Specifically, the Department's objective in the D.T.E. 01-54 dockets was to remove barriers for retail customers and competitive electricity suppliers to facilitate customer

¹ Since the Department's orders in Competitive Initiatives, D.T.E. 01-54, NSTAR Gas' electric company affiliates, Boston Edison Company, Cambridge Electric Light Company and Commonwealth Electric Company, d/b/a NSTAR Electric, have been providing the following customer data on a quarterly basis to licensed competitive suppliers in an electronic format: (1) Name; (2) Address (service and mailing); (3) Rate class; (4) Historic Usage Information (subject to allowing customers to opt-out); (5) Meter Read Cycle; (6) Contact Persons; (7) Generation Service (*i.e.*, whether customers is enrolled on default service or standard offer service, or whether customers is served by a competitive supplier); (8) Unique Customer Identifier; (9) Zonal or Nodal Location; and (10) Service Delivery Point(s) (*i.e.*, primary or secondary voltage). See, e.g., Order Opening Investigation into Competitive Market Initiatives, D.T.E. 01-54 (June 29, 2001) (name, address and rate class of default service customers); Competitive Market Initiatives, D.T.E. 01-54-A (October 15, 2001) (standard offer customers, historic usage information, meter read cycle, customer contact persons, service and mailing address); Competitive Market Initiatives, D.T.E. 01-54-B (July 29, 2002) (competitive supply customers, unique customer identifiers, zonal or nodal location, service delivery points).

migration to competitive electricity supply. *Id.* at 2. However, there are several differences that should be taken into account when considering whether to extend this policy to the gas industry.

First and foremost, in the electric industry, there are no competitors for the electric distribution companies in terms of a customer's choice of fuel. In the natural gas industry, local distribution companies compete with oil distributors to be a customer's choice of fuel. Retail energy companies participating in the competitive retail market may be affiliated with oil enterprises, and therefore, to the extent that LDCs are required to share customer data with competitive suppliers, the suppliers will be in a position to share that data with affiliated (and even non-affiliated) oil companies and other alternative fuel suppliers. This would place the LDCs at a competitive disadvantage in terms of marketing natural gas as the fuel of choice. This is especially true where there is no symmetrical obligation for oil companies and other alternative fuel suppliers to share their customer data with the LDCs.

In addition, unlike the electric industry, competition in the natural gas industry is well established for C&I customers and has developed to a level where the majority of C&I customers take service from a competitive suppliers. Retail customers, particularly C&I customers, have easy access to information from competitive suppliers marketing the product. Accordingly, the competitive market for natural gas services as it relates to the oil market is vibrant and in no need for Department action to facilitate further development.

However, to the extent that the Department determines that it is appropriate to approve CES-MA's request, the Company requests that any Department approval be predicated on several important conditions, each consistent with conditions imposed by the Department in its D.T.E. 01-54 dockets. First, the Company requests that, should the Department require LDCs to provide C&I gas customer data to licensed gas suppliers, it do so only upon condition that the recipient supplier enter into an agreement with the relevant LDC restricting the supplier from using the data for any purpose other than to market natural gas and/or gas-related services. See Order Opening Investigation into Competitive Market Initiatives, D.T.E. 01-54, at 6 (June 29, 2001). By doing so, the LDCs will have some assurance that the suppliers will not share the data with other entities that are not involved in gas marketing, and that the gas suppliers will not market other services to the Company's customers.

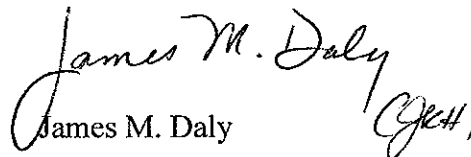
Second, the Company requests that the Department allow the LDCs to seek their C&I customers' permission to restrict their competitively sensitive data, e.g., customer usage levels or a customer's status as a competitive supply customer, from being shared with licensed gas suppliers. Specifically, the Company proposes that, similar to what the Department ordered in D.T.E. 01-54-A and D.T.E. 01-54-B, the Department allow customers to opt-out of sharing their data. This procedure recognizes that some customers may not wish to share their data with suppliers because the data may reveal information about their business practices or other trade secrets.

Third, the Company requests that the Department limit the categories of data which LDCs are required to provide licensed competitive suppliers to categories that are relevant to a gas supplier's marketing efforts. For example, CES-MA's request includes a broad and inapt request for the "same information that electric utilities now provide," plus capacity assignment data. However, most of the categories of customer data listed previously are specific to electricity customers and are inapplicable to gas customers. Accordingly, to the extent that the Department agrees with CES-MA's general request for C&I customer data, the Department should limit the data that is required to be provided to a customer's: (1) name; (2) address; (3) rate class; (4) historic usage information; (5) company contact person; (6) unique identifier and (7) capacity assignment information.

Lastly, in complying with the Department's directives in D.T.E. 01-54, the electric companies and competitive electricity suppliers formed working groups to establish protocols for electronic data exchanges, including: (1) the timing of the quarterly file creation; and (2) a specified file format that is uniform among the electric companies. Therefore, in order to minimize costs to commence an electronic data exchange with licensed gas suppliers, the Department should require that any electronic data sharing be accomplished pursuant to the same protocols as are currently in place for the electric companies. To require otherwise would result unnecessarily in significant development costs and employee man-hours that would inevitably delay implementation of a data sharing policy with the gas suppliers.

Thank you for your consideration of the Company's comments.

Sincerely,


James M. Daly

cc: Caroline Bulger, Hearing Officer
George Yankos, Director, Gas Division (3 copies)
Joseph Rogers, Assistant Attorney General
Penelope Conner
Tam Ly
Richard Silkman, CES-MA